

THE DENALI COMMISSION 1999 ANNUAL REPORT

WORKING TOGETHER TO SOLVE ALASKA'S CHALLENGES



VISION

Alaska will have a healthy well-trained labor force working in a diversified and sustainable economy that is supported by a fully developed and well maintained infrastructure.

MISSION

The Denali Commission will partner with tribal, federal, state and local governments and will collaborate with all Alaskans to improve the effectiveness and efficiency of government services, to develop a well trained labor force employed in a diversified and sustainable economy, and to build and ensure the operation and maintenance of Alaska's basic infrastructure.

VALUES

Catalyst For Positive Change The Commission will be an organization through which agencies of government, including tribal governments, may collaborate, guided by the people of Alaska, to aggressively do the right things in the right ways.

Respect For People and Cultures The Commission will be guided by the people of Alaska in seeking to preserve the principles of self-determination, respect for diversity, and consideration of the rights of individuals.

Inclusiveness Provide the opportunity for all interested parties to participate in decision making and carefully reflect their input in the design, selection, and implementation of programs and projects.

Sustainability The Commission will promote programs and projects that meet the current needs of communities and provide for the anticipated needs of future generations.

Accountability The Commission will set measurable standards of effectiveness and efficiency for both internal and external activities.

GENERAL FUNDING CRITERIA

- Projects should be compatible with local cultures and values.
- Projects that provide substantial health and safety benefit, and/or enhance traditional community values, will generally receive priority over those that provide more narrow benefits.
- Projects should be sustainable.
- Projects should have broad public involvement and support. Evidence of support might include endorsement by affected local government councils (municipal, tribal, IRA, etc.), participation by local governments in planning and overseeing work, and local cost-sharing on an 'ability to pay' basis.
- Priority will generally be given to projects with substantial cost sharing.
- Priority will generally be given to projects with a demonstrated commitment to local hire.
- Commission funds may supplement existing funding, but will not replace existing federal, state, local government, or private funding.

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Dear Mr. President:

We are pleased to submit for your review and transmittal to Congress a report on the activities of the Denali Commission during fiscal year 1999 (FY99). This report summarizes activities funded by Congress and cost-shared with the State of Alaska and others.

Since statehood in 1959, Alaska's most isolated and distressed communities have struggled to achieve access to the basic public infrastructure taken for granted elsewhere in the United States. Throughout Alaska there are 226 Native communities struggling to reconcile traditional subsistence lifestyles with the demands of modern American culture and its cash economy. Forty percent of Alaska's rural homes still lack adequate indoor plumbing, and diesel-generated electricity costs approach sixty cents per kilowatt-hour, roughly ten times the national average cost. The typical rural community remains inaccessible by road, rail or power grid. The challenges of isolation, arctic climate and economic development are nowhere greater.

Alaska's leadership has recently made significant strides in raising the standard of living and lowering the cost of living for many of the most geographically remote communities. However, the challenges to economic self-sufficiency are staggering, well beyond the means of local or even state government alone. For many years, Congress has recognized the need for effective and flexible teamwork between local, state and federal government in addressing these extraordinary challenges. That need was addressed with passage of the Denali Commission Act of 1998.

The Commission was established to deliver the services of government in the most cost-effective manner possible throughout Alaska. The Act charges the Commission to promote sustainable rural development by providing infrastructure and basic utilities to communities throughout Alaska, particularly to isolated and distressed communities including Alaska Native villages. The Act also requires the Commission to promote job training and encourage economic development in remote communities in rural Alaska.

The first meeting of the Commission in April 1999 resulted in a cost-sharing partnership to respond to the immediate and critical threat to human health and the environment presented by non-code compliant, often leaking, bulk fuel storage facilities. Working with the Environmental Protection Agency, the Coast Guard, the State of Alaska, local governments and the people themselves, the Commission was able to improve electrical service to nine communities and move another thirteen of over ninety communities off of the priority list for bulk fuel consolidation established by federal regulatory agencies.

The remarkable progress in this area of activity during FY99 must be attributed to the collaboration and active support of the federal and state agencies involved and to the leadership of the Commissioners in helping to direct that collaboration.

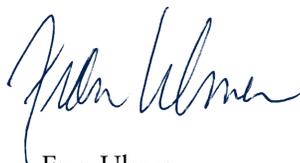
All Commission funded projects were cost-shared in FY99, and were required to be self-sustainable for the foreseeable future and consistent with local values. State and local cost-share partners helped double the impact of every Commission dollar expended, with accountability for long term operations and maintenance firmly established before any federal funds were obligated.

The resulting code-compliant fuel and power facilities will save lives, greatly reduce the risks of groundwater contamination and move twenty-two communities closer to economic self-sufficiency. This efficacy of teamwork was accomplished with less than 3% overhead attributable to the Commission, consistent with statutory mandates.

The Commission is currently working on a comprehensive strategy to address the other purposes of the Act. The Co-chairs take this opportunity to thank the Administration for support and applaud continued cooperation as we address vital issues to all Alaskans.



Jeff Staser
Federal Co-Chair



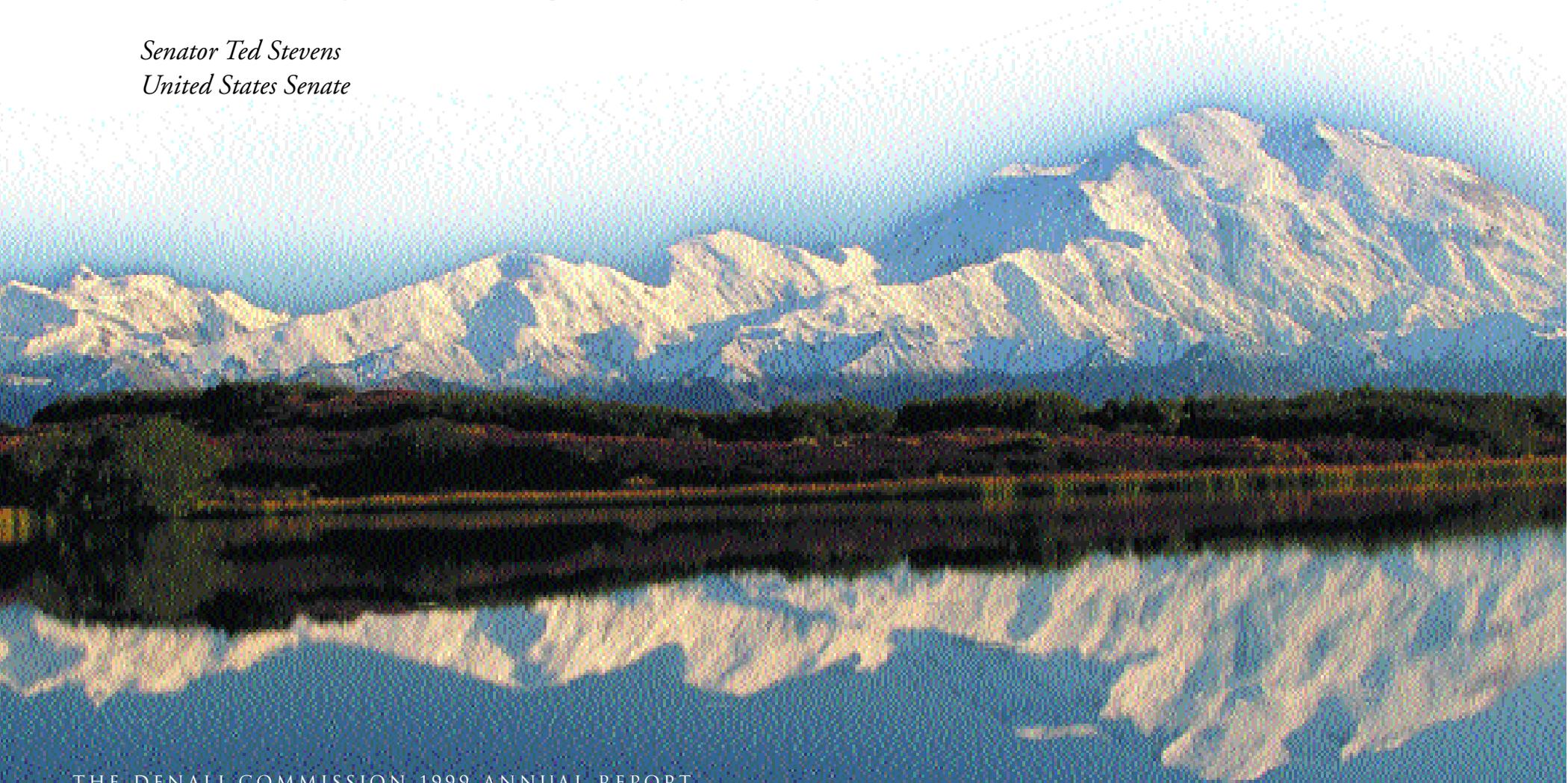
Fran Ulmer
State Co-Chair



“The Commission has made good progress toward fulfilling the intent of Congress that it provide the most cost-efficient methods to complete projects and programs with federal, State of Alaska, and non-public funds, particularly in our rural communities.

There is still much to be done. Based on the Commission’s track record so far, in my judgement it has avoided duplication of oversight of projects and saved taxpayers’ dollars. It is my hope Congress will continue to fund the Commission so that it will become a dominant force in modernizing the basic infrastructure of rural Alaska.”

*Senator Ted Stevens
United States Senate*





ALASKA'S CHALLENGES

In Alaska, rainforests give way to barren arctic tundra and Aleutian grasslands to surreal volcanic mountains thrust thousands of miles above sea level. Seventeen of North America's twenty largest mountains are here in a state one-fifth the size of the continental United States. Many rural communities are well over 1,000 miles from the state capitol in the last frontier, home to just over 600,000 Americans. Along side enormous natural diversity however, is the challenge of providing basic infrastructure to Alaska's rural residents.

In contrast to the trend toward urbanization across most of the United States, about 30% of Alaska's people, live in small villages, away from large population centers. Everyday Alaskans face scenarios where the nearest major health care facility may be over 1,000 miles from their home, and where transportation access is limited to chartered air service and may cost the equivalent of a flight from New York to Los Angeles. In some communities drinking water and human waste disposal systems mirror those of developing nations.

Establishing the roads, clinics, utilities, telecommunications and other basic infrastructure common throughout the contiguous states presents tremendous logistical difficulties in rural Alaska where construction of these necessities are cost intensive and difficult to engineer.

Did you know...

- The typical community is over 1,000 miles from the state capitol.
- There are more than 200 federally recognized tribal governments in Alaska.

Alaska contains 586,412 square miles, 488 times larger than Rhode Island, two and a half times larger than Texas, and larger than the next three largest states in the United States combined. In 1999, the state's population was estimated at 622,000 people. That is less than one fourth of one percent of the total US population. Only Wyoming, Washington DC and Vermont have fewer people. That makes just one person per square mile in Alaska. In contrast, the average population density in the whole United States is 75 persons per square mile.

There are more active glaciers and ice fields in Alaska than in the rest of the inhabited world. Five percent of the state, or 29,000 square miles, is covered by glaciers. There are more than 3,000 rivers in Alaska and over 3 million lakes. About 100 of these lakes have surface areas of more than 10 square miles. The largest, Lake Iliamna, encompasses over 1,000 square miles.

Alaska's mountain ranges, glaciers and vast wilderness create natural barriers to transportation and communications. For most Alaskans, flying is a necessary part of life. Alaska has about six times as many pilots and fourteen times as many aircraft per-capita as the rest of the United States. Lake Hood, in Anchorage, is the world's largest and busiest seaplane base. In northern Alaska, snowmobiles and "all terrain vehicles" have replaced the traditional dogsled, but there are few roads and terrain is treacherous.

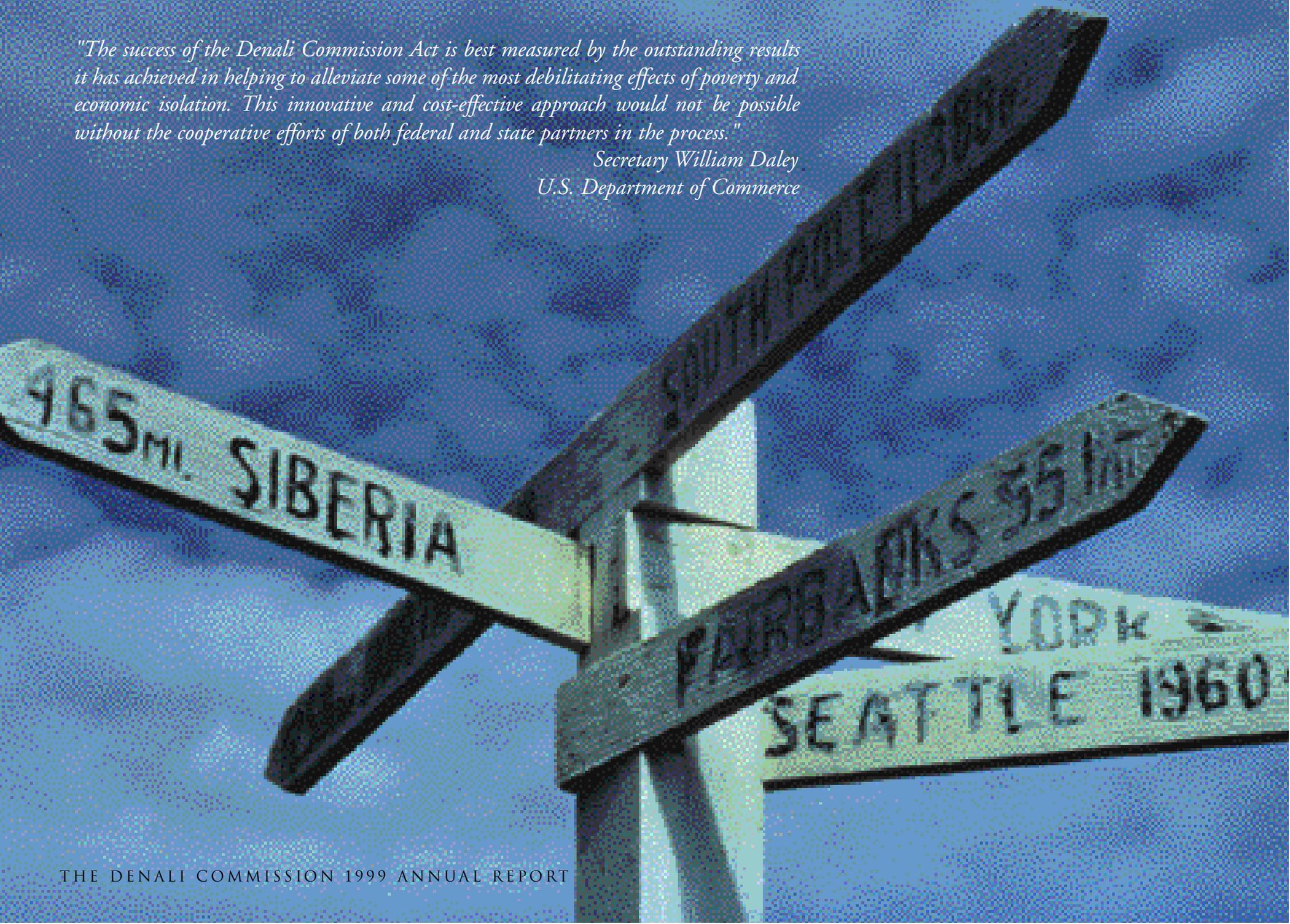
Population of Alaska's Ten Largest Cities

1. Anchorage	258,782
2. Fairbanks	83,928
3. Juneau	30,684
4. Ketchikan	14,231
5. Sitka	8,779
6. Kenai	7,058
7. Kodiak	6,859
8. Bethel	5,463
9. Wasilla	5,134
10. Soldotna	4,134

In contrast to the trend toward urbanization in most of the United States, about 30% of Alaska's people live in small villages or away from large population centers.

"The success of the Denali Commission Act is best measured by the outstanding results it has achieved in helping to alleviate some of the most debilitating effects of poverty and economic isolation. This innovative and cost-effective approach would not be possible without the cooperative efforts of both federal and state partners in the process."

*Secretary William Daley
U.S. Department of Commerce*





CREATION OF THE DENALI COMMISSION

The Denali Commission Act of 1998, authored by Senator Ted Stevens (R) Alaska, was signed into law on October 21, 1998, becoming Title III of Public Law 105-227, 42 USC 3121. This Act draws national attention to the plight of impoverished rural and Alaska Native communities.

The Denali Commission is an innovative federal-state partnership designed to provide critical utilities, infrastructure and economic support throughout Alaska. With the creation of the Denali Commission, Congress acknowledged the need for increased interagency cooperation and focus on Alaska's rural communities. Since its first meeting in April 1999, the Commission is credited with providing twenty-two cost-shared electrical utility and fuel storage projects that exemplify this effective and efficient partnership. While helping the residents move closer to economic self-sufficiency, the Commission strives to preserve the cultural values of those living in America's last frontier.

The Denali Commission Act of 1998 defines the specific purposes as follows:

1. To deliver the services of the Federal Government in the most cost-effective manner possible by reducing administrative and overhead costs.
2. To provide job training and other economic development services in rural, particularly distressed, communities.

Did you know...

- Unemployment exceeds 50% in over 150 of Alaskan communities.
- Over 40% of Alaskan communities lack indoor plumbing for the majority of homes.

3. To promote rural development, provide power generation and transmission facilities, modern communication systems, water and sewer systems and other infrastructure needs.

The Act appoints the Governor of Alaska to serve as the State Co-Chairman. The Federal Co-Chairman is nominated by the United States Senate and the House of Representatives and appointed by the Secretary of Commerce.

In addition to the Federal and State Co-Chairs, the Denali Commission Act provides for a five member panel of statewide organization presidents, or their designees, to be appointed by the Secretary of Commerce:

1. President of the University of Alaska
2. President of the Alaska Municipal League
3. President of the Alaska Federation of Natives
4. Executive President of the Alaska State AFL-CIO
5. President of the Associated General Contractors of Alaska

As required by the Act, the Denali Commission determines its own basic operating principles and funding criteria. These are outlined in the annual Denali Commission work plan, which is provided for public comment prior to being reported to the Federal Office of Management and Budget through the Secretary of Commerce.

The Denali Commission Act draws national attention to the plight of impoverished rural and Alaska Native communities.

The Denali Commission is an innovative federal-state partnership designed to provide critical utilities, sustainable infrastructure and economic development throughout Alaska.

THE COMMISSIONERS



Jeff Staser is the Federal Co-Chairman of the Denali Commission. A third generation Alaskan, he worked on the staff of Senator Ted Stevens in Washington, D.C. as his Legislative Assistant for Natural Resources, Rural Utilities, Science and Technology and Economic Development for over four years. He is a graduate of West Point and holds three Masters Degrees, including an MBA and a Master of Construction Management from Stanford University. Prior to joining Senator Stevens, Mr. Staser was Assistant Director of Civil Works for the U.S. Army Corps of Engineers in Washington. Mr. Staser serves as President of the Federal Executive Association and is active in other local and national economic development organizations.



Fran Ulmer is serving her second term as Alaska's Lieutenant Governor. She has also served as Mayor of Juneau and in the State of Alaska House of Representatives for eight years. She is active in a wide variety of issue and program areas, including overseeing the Division of Elections, telecommunications, economic development, workforce development, fisheries and the Governor's Children's Cabinet. Lieutenant Governor Ulmer serves on numerous other boards and commissions including the Alaska Science and Technology Foundation, Alaska Land Managers Forum, Alaska Human Resources Investment Council, Federal Elections Commission Advisory Panel, North Pacific Anadromous Fish Commission and the Federal Communications Commission's State and Local Government Advisory Committee.



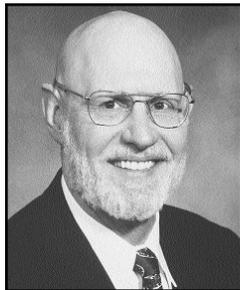
Julie E. Kitka currently serves as President of the Alaska Federation of Natives (AFN) at the pleasure of a thirty-seven member Board of Directors representing the thirteen regional Alaska Native Claims Settlement Act corporations, the twelve regional non-profit tribal associations and the villages. She represents AFN before the U.S. Congress, federal agencies, the Alaska State Legislature and state agencies on Native issues of statewide importance. Ms. Kitka began working at AFN in late 1981 and has held numerous positions within the organization including Special Assistant-Human Resources, Congressional Lobbyist and Vice-President. She earned a Bachelor's Degree in Business Administration from Alaska Pacific University in Anchorage.



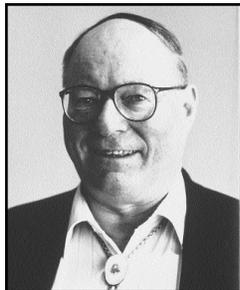
THE COMMISSIONERS



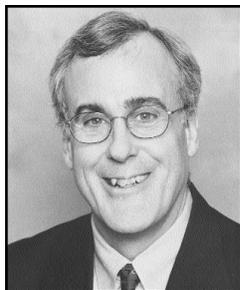
Mano Frey has served as Executive President of the Alaska State AFL-CIO since 1984. In August of 1977, Mr. Frey was appointed Pipeline Field Representative for Laborers Union Local #341 and delegate to the Anchorage Central Labor Council. In mid 1978, Mr. Frey transferred to 341's Anchorage office. In October of 1978, he was appointed to his first term as 341's President and was re-elected in 1980 to a second term. At that time, he was also elected as a Delegate of the Alaska State District Council of Laborers. In 1981, Mr. Frey was elected by the Executive Board to his first term as 341's Business Manager and has been re-elected for three-year terms in every subsequent election.



Mark R. Hamilton became the twelfth President of the University of Alaska on August 10, 1998. Prior to accepting the chief leadership position of the University, Hamilton was a U.S. Army Major General in charge of recruiting. MG(R) Hamilton received his bachelor of science degree from the U.S. Military Academy at West Point and his master's degree in English literature from Florida State University. He is also a graduate of the Armed Forces Staff College and of the U.S. Army War College. During his thirty-one years of active duty, MG(R) Hamilton was twice assigned to Alaska. MG(R) Hamilton received the Army's highest peacetime award, the Distinguished Service Medal, and the Armed Forces' highest peacetime award, the Joint Distinguished Service Medal.



Heinrich Springer served as Executive Director of the Alaskan Association of General Contractors from his election in 1991 to his retirement in December of 1999. A civil engineer, Mr. Springer emigrated from Germany in 1959 and has been in Alaska since 1960. Mr. Springer was a Post Engineer with the U.S. Army at Fort Wainwright, Alaska for three years and worked with the Alaska Department of Transportation for twenty-three years. He has thirty years of experience in all areas of public facilities development including research, design, planning, construction, operations and maintenance. Mr. Springer has been a representative from Nome to the Alaska State Legislature and continues to be active in community development and politics.



Kevin Ritchie is Executive Director of the Alaska Municipal League. In addition to these activities, he is an adjunct professor in the Master of Public Administration Program at the University of Alaska, South East. Mr. Ritchie received his Bachelor of Arts in Geography from the University of California at Santa Barbara and completed his Masters degree in Public Administration at the University of Alaska, South East. His diverse occupational background includes the Alaska Office of Equal Opportunity Employment, the Juneau Economic Development Council and the Volunteer in Service to America Project in Tacoma. He is currently a member of the Area Discipline Committee for the Alaska Bar Association and a charter member of the Juneau Gastineau Rotary Club.



"The answer to the question of what are the greatest infrastructure needs in a city or village is best answered by the community. Small community driven and decided projects can have a greater impact than a big ticket project."

*Commissioner Henry Springer
Executive Director, Alaskan Association of General Contractors*





INFRASTRUCTURE

In urban America the public facilities and resources that form the backbone of economic prosperity and social progress are easily taken for granted. However, in the absence of basic infrastructure such as roads, utilities, clinics and telecommunications the daily activities of commerce, health and learning are significantly more difficult and diminished in quality. The scope and scale of improvements needed in basic infrastructure across rural Alaska are staggering. Recognizing the significance of these challenges, the Commission agreed in 1999 to commit 75% of funds to rural infrastructure development.

Rural energy was selected as the first priority for infrastructure development. Adequate energy production and delivery systems are an essential prerequisite to all other infrastructure and the most basic to sustaining quality of life in the extreme weather conditions for which Alaska is known.

The Commission is dedicated to integrating infrastructure themes with pre-existing development efforts and the comprehensive community and regional infrastructure planning now occurring at the local, regional and statewide levels.

To promote community voice in rural infrastructure, the Commission funded the "community toolbox" project in conjunction with the U.S. Department of Agriculture–Rural Development. The toolbox will provide a guide for communities to assess local infrastructure and formulate comprehensive development plans.

The intent of the Commission is to compliment, not duplicate, the efforts of other agencies in addressing each infrastructure theme selected. In 1999, the Commission assessed existing state and federal infrastructure development programs to identify the gaps in available resources. Invaluable partnerships were developed with local, tribal, state and federal agencies and infrastructure funds were invested in priority projects that leveraged the most benefit for Alaskans.

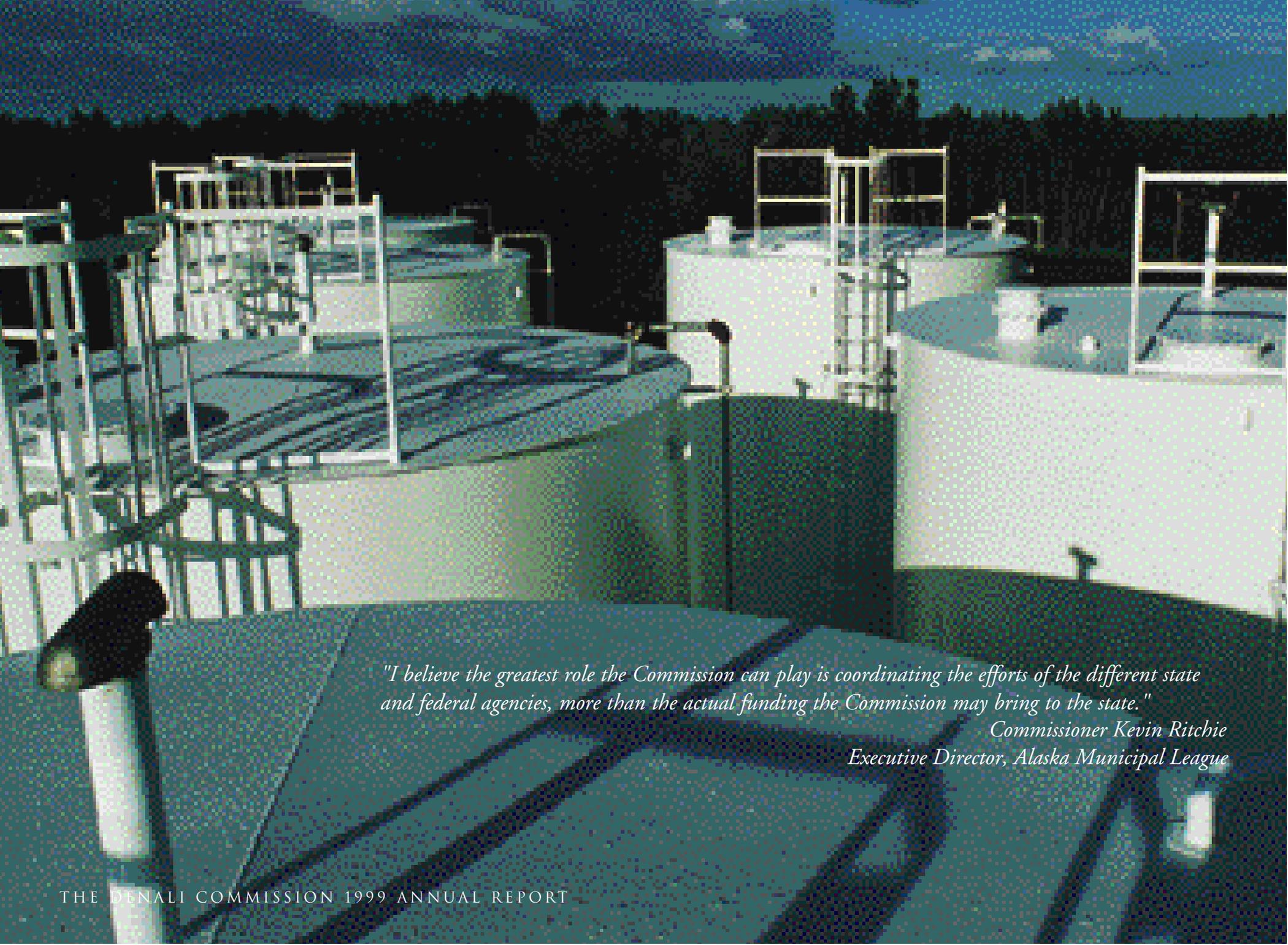
In October of 1999, the Infrastructure Sub-Committee was established to provide guidance and direction for the Commission staff in the areas of infrastructure development. Lt. Governor Ulmer, Mr. Ritchie and Mr. Springer are the voting Sub-Committee members. The Sub-Committee has convened twice in 1999 to provide direction for infrastructure funding in fiscal year 2000.

Did you know...

- According to the FY99 report published by HUD, Alaska has a need for 12,519 new housing units. At an average cost of \$145,000 per unit, the total need for new housing is approximately \$1.8 billion.
- The total need for sanitation facilities in rural Alaska is estimated at over \$1 billion.

Infrastructure Funding Principles

- Themes are selected by the Commissioners to guide the allocation of funds.
- Selection of themes will address the most critical needs first.
- Commission resources will target "gaps" in state and federal funding.
- Cost-share partners will be identified to carry out infrastructure development.
- The Commission will tailor agreements with partners to maximize efficiency and effective delivery of Commission resources.
- Projects must be sustainable.
- Projects should lower the cost of living, raise the standard of living, or both.



"I believe the greatest role the Commission can play is coordinating the efforts of the different state and federal agencies, more than the actual funding the Commission may bring to the state."

*Commissioner Kevin Ritchie
Executive Director, Alaska Municipal League*



ENERGY

The Denali Commission selected rural energy as the primary infrastructure theme for 1999. Remote communities of Alaska, much like those in other areas of the nation, are dependent on electric power for basic life support. Unlike most other areas of the country however, Alaska's rural communities are not connected to power grids and are subject to extreme arctic weather conditions. Most arctic and sub-arctic communities rely entirely upon diesel fuel to generate the electric power for heat, light and transportation essential to survival. When a power system fails in rural Alaska there are often no backups, and the lives and safety of people are placed in jeopardy.

Unfortunately, deteriorating and failing power systems are not rare occurrences. An overwhelming number of bulk fuel storage tanks are not compliant with applicable state and federal safety standards. Declining tanks may result in fuel spills that devastate community water resources, leave Alaskans without fuel supplies in harsh conditions, contaminate the environment and endanger wildlife and ecosystems upon which subsistence living depends.

In FY99, the Denali Commission funded energy projects in the areas of bulk fuel design, planning and construction, utilities upgrades and hydroelectric power generation. The Alaska Energy Authority (AEA) was the Commission's primary partner for these rural energy projects. AEA is a state agency commissioned with oversight of energy related infrastructure in rural Alaska.

Did you know...

- In most remote Alaskan communities, if a power system fails the extreme temperatures can jeopardize residents' lives.
- A gallon of unleaded fuel in some Alaskan communities can cost over \$4.00.
- Some diesel fuel freezes into a gel at extreme cold temperatures, requiring specially processed fuel in the winter.

The Commission entered into an agreement with the AEA to provide \$10 million in construction funding and \$500,000 in planning and design funding for bulk fuel facility upgrades. An additional \$4.5 million was invested in nine power plant and utility distribution upgrades, and \$1.6 million was disbursed for two hydroelectric power generation projects. Commission funding complemented funds from AEA, the U.S. Environmental Protection Agency, the U.S. Department of Housing and Urban Development, the State of Alaska Department of Education and other sources for a total combined funding effort of \$19,177,000. The AEA listing of communities with non-compliant facilities guided project prioritization.

As a result of these concentrated efforts, fourteen bulk fuel farms are now being constructed, funding was provided to an additional twenty-two communities for planning and design, and invaluable partnerships were created and strengthened among the agencies involved in addressing the energy challenges of Alaska. Page twenty-three of this report displays a complete listing of projects funded in 1999.

The Commission has endorsed rural energy as an important area of focus for infrastructure improvements and is committed to supporting energy development in the years to come.

There are over \$350 million reported needed for statewide bulk fuel storage facilities.

There are over \$160 million in statewide need for power system upgrades in rural Alaska.

State, federal and private partners working together to improve rural energy in Alaska:

- Alaska Energy Authority
- U.S. Environmental Protection Agency
- U.S. Department of Housing & Urban Development
- State of Alaska Department of Education
- U.S. Department of Agriculture – Rural Development
- U.S. Department of Commerce – Economic Development Association

A photograph showing three young girls in a classroom setting. They are gathered around a computer workstation, looking at the monitor. The girl in the foreground is pointing at the screen. The background shows bookshelves filled with books.

"Simply put...everyone should be able to get access at a reasonable cost. Without this principle, new technology could create another class of "haves and have nots" in our state, instead of fulfilling the promise of erasing distance and equalizing opportunity."

*Lieutenant Governor Fran Ulmer
State of Alaska*



TELECOMMUNICATIONS

Alaska has made rapid advances in telecommunications, particularly with the recent completion of large-scale fiber optic projects. But not all things are equal in the world of Alaskan telecommunications. Urban Alaskan residents now have access to the latest in cable television, high-speed modems and competition between internet service providers and local and long-distance telephone services. Unfortunately, the telecommunications and internet technologies that are revolutionizing daily life in the United States are not reaching rural Alaskan communities.

The remoteness, harsh climate, rough topography and sparse populations that so uniquely define rural Alaska make the provision of affordable high quality telecommunications service difficult. Private telecommunications industries find it difficult to justify establishing services in remote communities given the expense involved in reaching each small community. Typically, rural residents have access to the internet only through local public schools or libraries which receive federally subsidized services that private users are prohibited from accessing for commerce.

For villages settled amid vast expanses of uninhabited wilderness these services are essential to basic healthcare, education, training and economic well being. In rural Alaska, telecommunications must

perform many more functions than they do elsewhere in the United States. Telecommunications are often the only method for delivering life saving health care and public safety information and are critical to the schools and lifelong learning of rural children and adults. Telecommunications provide the vital link between rural businesses and the international global economy that allows commerce to expand and communities to thrive. Telecommunications contribute to the social and political integration of rural communities with the rest of the nation.

The Denali Commission believes it is vital to assess telecommunications services in Alaska as they relate to providing basic infrastructure, training and opportunities for economic development in rural communities. Advanced telecommunications will be instrumental in the Commission's efforts to meet the challenges that face rural Alaska. The Commission recognizes the catastrophic effects of leaving communities off-line in a telecommunications revolution and believes access is one of the best investments that can be made in the future of Alaska.

Did you know...

- A private user in a Y-K Delta village using a 1-800 dial up access to America On-Line costs them between \$200-\$400 per month just to do e-mail and minimal web browsing.
- The monthly cost of a T-1 connection in Bethel is \$14,000, as compared to \$900 in Anchorage and only \$15 for a public school in California.
- A fax transmission from a rural community typically costs from \$0.50 to \$1.00 per page.

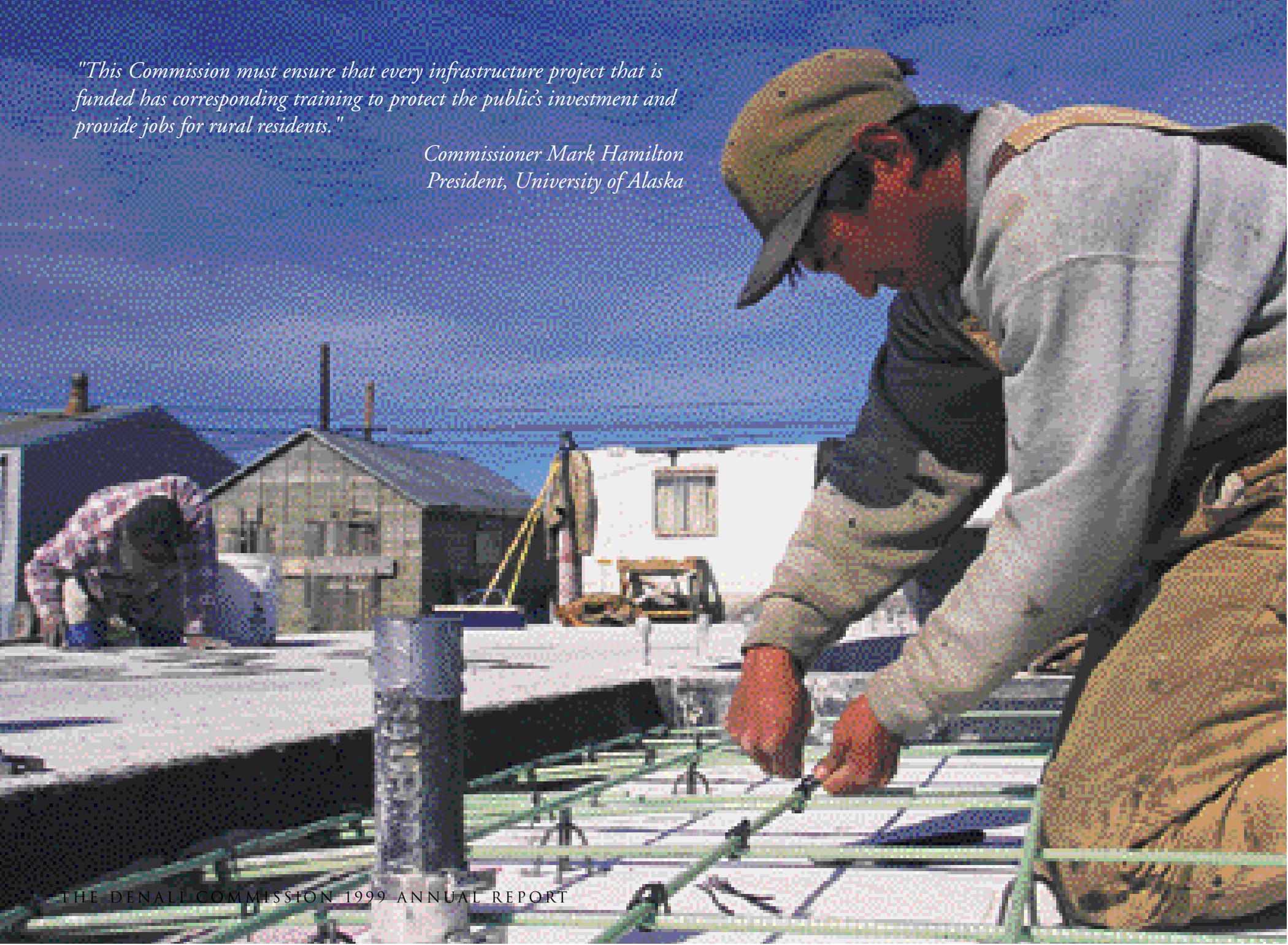
The Commission funded a Statewide Telecommunications Survey in FY99. The survey will provide the Commission and other state and federal policy makers accurate and recent information on the services that are available to each community in Alaska and the price residents pay for these services.

State, federal and private partners working together to improve telecommunications in Alaska:

- Department of Interior
– ATTAP Program
- State of Alaska Job Corps
(Rural Computer Centers)
- U.S. Department of Commerce
– Community Technology Centers
- E-Rate program
- State of Alaska Department of
Military & Veteran's Affairs
- U.S. Military

"This Commission must ensure that every infrastructure project that is funded has corresponding training to protect the public's investment and provide jobs for rural residents."

*Commissioner Mark Hamilton
President, University of Alaska*





JOB TRAINING IN ALASKA

1999 was a strong year for the Alaskan economy. Urban job markets were thriving, unemployment was at 6.4%, the lowest level in decades, and more people were hired and working than ever before. In comparison to the other forty-nine states however, where the national average for unemployment in 1999 was only 4.2%, Alaska was clearly experiencing a labor surplus.

A gap between the skills needed to meet the demands of the workplace and the skills Alaskans have to offer contributes largely to this surplus. Despite the availability of jobs, employers in Alaska frequently find they are unable to employ Alaskans with the training and educational background requisite for success on the job. Employers routinely import labor to fill both skilled and unskilled positions for which there are no qualified Alaskan applicants. In 1998, nearly 20% of the workers in Alaska were non-residents yet in 1999, the U.S. Department of Labor designated twenty-two of Alaska's twenty-six census regions as labor surplus areas.

Nowhere is the skills gap wider than in rural Alaska. Year-round employment opportunities are scarce and typically high skilled/high wage jobs are in public service or private industry. These jobs, such as teaching, engineering and nursing, often go to non-Alaskans,

leaving communities largely dependent upon part time work and seasonal industries such as fishing and tourism, and cyclical industries such as mining and logging. Alaska's unemployment rates reflect the seasonal nature of the state's economy. During summer months the unemployment rate dives to a low of 2.9%, and then soars to 21% in winter, one of the highest rates of unemployment in the nation.

With the limited number of jobs available in rural Alaska, the Denali Commission believes it is imperative to provide local residents with the training and education needed to be successful in the job market. In 1999, the Denali Commission developed partnerships with various state and federal organizations involved in training rural residents to operate and maintain public facilities. In future years, the Commission will promote training and invest in preparing local residents to assume the jobs created by the construction, operation and maintenance of Denali Commission funded public facilities.

The Commission believes that in order for construction and sustainability of public infrastructure in rural Alaska to be successful we must invest in training local residents.

Did you know...

- In one out of every eight villages, unemployment among Native men is in excess of 50%.
- In one-third of all Native villages, male unemployment is 32%, nearly quadruple the statewide average.
- In 1998, nearly 20% of the workers in Alaska were non-residents.

During summer months in Alaska, the unemployment rate dives to a low of 2.9%, and then soars to 21% in winter, one of the highest rates of unemployment in the nation.

State, federal and private partners working together to improve job training in Alaska:

- State of Alaska Department of Labor
- Alaska Human Resource Investment Council
- Associated General Contractors
- Alaska Native Coalition on Employment and Training
- Alaska Native Tribal Health Consortium
- State of Alaska Department of Commerce & Economic Development
- Alaska Works Partnership
- U.S. Department of Commerce – Economic Development Administration
- U.S. Department of Agriculture – Rural Development



“The Denali Commission has a unique opportunity to make a difference in the lives of Alaska Natives and all Alaskans. The challenge facing the Denali Commission is to empower people and invite them into the decision-making process and allow their goals and aspirations to become a reality.”

*Commissioner Julie Kitka
President, Alaska Federation of Natives*



ECONOMIC DEVELOPMENT

Economic development in Alaska is a pioneering challenge. Sparse populations, the presence of both a subsistence and a market economy, limited opportunities to access the global market and communications and transportation infrastructure necessitate unique approaches to developing and sustaining markets.

The Commission is dedicated to discourse on development, entrepreneurial ventures, listening to communities, respecting local cultures and providing the support residents need to develop their own strategies to fill gaps and take full advantage of economic opportunities that may exist for them. The focus of the Commission effort is to assist communities in developing a successful market economy that can provide funds to support the subsistence lifestyle and to expand local job opportunities for communities where subsistence plays a decreasing role in meeting the basic needs of Alaskans.

In most rural communities, the opportunities for development of the market economy will be extremely limited. With this in mind, the Commission goal is not to make every community individually self-sufficient, but to assist communities in attaining their full potential, and through regional economies of scale, provide for sustainable markets.

The Commission believes that coordination and cooperation between communities, governments and businesses cannot be overemphasized. In the process of regional planning and development the Commission will encourage regional profit and non-profit corporations to work with local and regional governments to develop and implement local and regional economic development plans and strategies.

In 1999, the Denali Commission focused on identifying an effective approach to economic development in rural Alaska and a process for selecting projects. Access to capital, market identification and construction of infrastructure that will support economic activities are areas that need immediate attention. The Commission supported the "Community Toolbox" initiative through the U.S. Department of Agriculture–Rural Development to assemble the tools needed to create comprehensive local and regional economic development plans and strategies.

A partnership was forged with Alaska's Funding Forum, an organization of public and private funding sources created to review entrepreneurial concepts and help entrepreneurs get the support they need to ensure success. The Denali Commission also partnered with the U.S. Department of Agriculture to encourage Funding Summits. These Summits bring to the table both communities and regional groups seeking assistance and the federal and state agencies and organizations with financial resources to contribute.

The Denali Commission understands that a successful market economy includes:

- Commercial enterprise
- Natural or man-made resources
- Capital
- Markets
- Workforce
- Energy
- Transportation
- Communications
- Public Infrastructure

State, federal and private partners working together to improve economic development in Alaska:

- Alaska Regional Development Organizations
- State of Alaska Department of Community and Economic Development
- U.S. Department of Agriculture – Rural Development
- U.S. Department of Commerce – Economic Development Administration

Did you know...

- Alaska's economy is natural resource-based and depends primarily upon the following employment sectors: oil production, tourism, fishing, timber, mining and government.



THE DENALI COMMISSION STAFF – JUNE 2000

THE DENALI COMMISSION STAFF

In order from left to right, back to front.

Ernest Brannon, Project Manager

Funding Agency: U.S. Department of Agriculture

Ernest Brannon brings to the Denali Commission six years of experience as the State Director of Rural Development for the U.S. Department of Agriculture. Mr. Brannon has been devoted to guiding the Commission in establishing policies and strategies for economic development. He received his Bachelor of Arts in Education from Eastern Washington State University and has been a teacher, community development specialist, member of the armed services, Anchorage Assemblyman, Chairman of the Chugiak-Eagle River School Board, Mayor of the Matanuska-Susitna Borough and a small business owner.

Sam Kito, Project Manager

Funding Agency: Arctic Slope Consulting Group, Inc.

Sam Kito is responsible for assessment of rural needs and development of policies in the areas of infrastructure and economic development. Mr. Kito holds a Bachelor of Science degree in Civil Engineering. Prior to joining the Commission, Mr. Kito worked with the Department of Transportation and the offices of Governor Tony Knowles.

Krag Johnsen, Alaska State Legislature's Representative

Funding Agency: Alaska State Legislature

Krag Johnsen is the primary resource for training and telecommunications programs at the Denali Commission, and he is responsible for coordination of state, federal and Denali Commission funding with the State Legislature. Mr. Johnsen obtained his Bachelor of Arts in Political Science from the University of Alaska, Anchorage. Prior to joining the Commission he served on staff for the Alaska State Senate Finance Committee, State Senator Drue Pearce and United States Senator Ted Stevens.

Joel Neimeyer, Project Manager

Funding Agency: Alaska Native Tribal Health Consortium

Joel Neimeyer is a commissioned officer with the U.S. Public Health Service on detail to the Alaska Native Tribal Health Consortium. Mr. Neimeyer directs assessments of rural needs and oversees infrastructure development programs sponsored by the Commission. He is a licensed professional engineer with experience in environmental engineering, sanitation and infrastructure. Joel obtained his Bachelor of Science degree in Civil Engineering from the University of Texas, Austin.

Kurt Eilo, Information Technology Manager

Funding Agency: U.S. Environmental Protection Agency

Kurt Eilo brings to the Commission a decade of experience in computer engineering and fifteen years of experience in environmental programs. He holds a Bachelor of Science degree in Wildlife Management from the University of Maine. Mr. Eilo has been with the Environmental Protection Agency in New York and Alaska since 1988. He is the founder and Board President of the Alaska Forum on the Environment and Board President for the Joint Regional Environmental Training Center.

Corrine Eilo, Operations Director and Chief Financial Officer

Funding Agency: Denali Commission

Corrine Eilo is responsible for meeting all administrative needs and financial reporting requirements for the Commission. Ms. Eilo received her Bachelor of Science in Business from Southern Oregon College and her Masters in Business Administration from the University of Alaska, Anchorage. Prior to joining the Commission, Ms. Eilo spent six years with the Environmental Protection Agency and three years as the Executive Director of Green Star, Inc.

Millie Taylor, Administrative Assistant

Funding Agency: Denali Commission

Millie Taylor has managed the front office of the Denali Commission since its inception in June of 1999. She provides administrative support to project staff and handles scheduling and travel for all Commission staff. Prior to her work with the Commission, Ms. Taylor worked for the Environmental Protection Agency of Alaska.

Yvette Wilkins, Deputy Operations Director

Funding Agency: U.S. Air Force Civil Service, Elmendorf AFB

As Deputy Operations Director, Yvette Wilkins manages financial reporting for the Commission and assists with both administrative and program level projects. Ms. Wilkins holds a Bachelor of Arts in Business Administration from Wayland University and brings to the Commission extensive experience in contracting, procurement and program management.

Al Ewing, Chief of Staff

Funding Agency: U.S. Environmental Protection Agency

As Chief of Staff, Al Ewing directs all program related activities of the Denali Commission. Mr. Ewing received his Bachelor of Science degree in Forest Industry Management from the University of Oregon. Prior to joining the Commission, he served eleven years as Director of the U.S. Environmental Protection Agency in Alaska, and two years as Deputy Commissioner of the Department of Environmental Conservation in Juneau.

Michelle Anderson, Governor's Representative

Funding Agency: State of Alaska Governor's Office

Michelle Anderson serves as liaison between the Denali Commission and state government in Alaska. Ms. Anderson holds a Bachelor of Arts degree in Political Science from the University of Alaska, Anchorage. Prior to joining the Commission, Ms. Anderson was Director of the Alaska State Community Service Commission. She is a representative of the Ahtna villages to the Alaska Federation of Natives and vice-chair on the Council of Advisors for the Alaska Native Studies program at the University of Alaska, Anchorage.

Jennifer Burgess, Intern Project Assistant

Jennifer Burgess is a senior at Whitman College in Washington State pursuing a major in Politics. Ms. Burgess has worked with the Alaska Small Business Development Center, the Washington D.C. Office of Senator Ted Stevens, the Bureau of Justice Assistance and is a consultant with the National Youth Network and the National Crime Prevention Council.



“The State of Alaska is committed to this partnership and we look forward to future progress as we continue to address the need for basic life-sustaining services in rural Alaska. I’m honored to be a part of the Commission and thank Senator Stevens for his vision in creating it.”

*Governor Tony Knowles
State of Alaska*

FINANCIAL STATEMENT

REPORT OF CONDITION

Consolidated report of condition of the Denali Commission in the state of Alaska at the close of business at September 30, 1999.

Appropriations

Energy & Water Development Bill	\$20,000,000.00
Total Appropriations	\$20,000,000.00
Total Appropriations	\$20,000,000.00

Liabilities

Current Liabilities	
Committed Liabilities	
Program Funds	1,262,200.00
Total Committed Liabilities	\$1,262,200.00
Obligated Liabilities	
Program Obligated Liabilities	
Alaska Energy Authority	\$15,449,000.00
Alaska Native Tribal Health Consortium & City of Klawock	\$242,000.00
Alaska Native Tribal Health Consortium with Tri-Party Agreement	\$275,000.00
Alaska Native Tribal Health Consortium with PS/MOA	\$200,000.00
Statewide Telecommunications Survey	\$50,000.00
Yukon Kuskokwim Health Clinic	\$250,000.00
North Slope Borough	\$122,000.00
Alaska Department Community & Economic Development	\$140,000.00
Alaska Department Community & Economic Development & Tanana Chiefs Conference	\$184,800.00
Total Program Obligated Liabilities	\$16,912,800.00
Administration Obligated Liabilities	
Administration Undelivered Orders	\$699,584.56
Total Undelivered Orders	\$17,612,384.56
Expended	
Program Expended	\$825,000.00
Administration Expended	\$300,415.44
Total Expended	\$1,125,415.44
Total Liabilities	\$20,000,000.00

Total Liabilities and Appropriations **\$20,000,000.00**

FY 99 FUNDED PROJECTS

During Fiscal Year 1999, the Commission focused on bulk fuel and energy utility projects as a "Rural Energy Theme." Rural communities of Alaska, much like the rest of the nation, are dependent on bulk fuel and electric power for basic life support. Unlike most other areas of the country, Alaska's rural communities are remote, subject to extreme weather conditions, and not connected on a power grid. When a system fails, there are no backups and the life and safety of people in the community are in jeopardy. The following table provides specific information on how the Commission allocated funding to support the upgrade and maintenance of the most critical needed systems in rural Alaska.

FY 99 FUNDED ENERGY PROJECTS

<u>Community Name</u>	<u>Project Type</u>	<u>Commission Funding</u>	<u>Total Project Funding</u>
Aleknagik	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Arctic Village	Power Plant Upgrade	\$700,000.00	\$745,000.00
	Bulk Fuel Construction	\$600,000.00	\$825,000.00
Atka	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
	Hydro-Electric Power	\$600,000.00	\$700,000.00
Birch Creek	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Buckland	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Chalkyitsik	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Chefornak	Bulk Fuel Construction	\$200,000.00	\$1,440,000.00
Chignik Lagoon	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Crooked Creek	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Deering	Power Plant Upgrade	\$400,000.00	\$758,000.00
Eagle	Bulk Fuel Construction	\$14,000.00	\$28,000.00
Emmonak	Bulk Fuel Construction	\$900,000.00	\$1,600,000.00
Golovin	Distribution System Upgrades	\$350,000.00	\$395,000.00
Hoonah	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Hughes	Power Plant and Distribution Upgrades	\$750,000.00	\$795,000.00
Kiana	Bulk Fuel Construction	\$1,500,000.00	\$2,000,000.00
Klawock	Water Source Planning	\$242,000.00	\$267,000.00
Kongiganak	Bulk Fuel Planning and Design	\$20,733.00	\$20,733.00
Kotlik	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
	Power Plant Upgrade	\$700,000.00	\$850,000.00
Koyukuk	Power Plant and Distribution Upgrades	\$500,000.00	\$545,000.00
Larsen Bay	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Little Diomede	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Lower Kalskag	Bulk Fuel Construction	\$1,100,000.00	\$1,265,000.00
Napaskiak	Bulk Fuel Construction	\$200,000.00	\$975,000.00

FY 99 FUNDED ENERGY PROJECTS *(continued)*

Community Name	Project Type	Commission Funding	Total Project Funding
Nikolai	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Nikolski	Bulk Fuel Construction	\$700,000.00	\$800,000.00
Nome	Power Line Extension	\$750,000.00	\$795,000.00
Noorvik	Bulk Fuel Construction	\$300,000.00	\$3,050,000.00
Old Harbor	Hydro-Electric Power	\$1,000,000.00	\$1,945,000.00
	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
	Bulk Fuel Construction	\$12,000.00	\$24,000.00
Point Hope	In-House Plumbing	\$122,000.00	\$2,285,701.00
Port Graham	Bulk Fuel Construction	\$600,000.00	\$765,000.00
Port Protection	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Pt. Baker	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Rampart	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Red Devil	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
St. Mary's	Sub-Regional Clinic Utility Upgrade	\$250,000.00	\$3,900,000.00
Takotna	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Tanana	Bulk Fuel Construction	\$900,000.00	\$1,393,000.00
Togiak	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Toksook Bay	Bulk Fuel Construction	\$1,700,000.00	\$1,865,000.00
Tuntutuliak (1)	Bulk Fuel Construction	\$400,000.00	\$1,304,000.00
Tuntutuliak (2)	Bulk Fuel Construction	\$200,000.00	\$500,000.00
Tununak	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00
Upper Kalskag	Bulk Fuel Construction	\$700,000.00	\$895,000.00
Venetie	Bulk Fuel Planning and Design	\$22,727.00	\$22,727.00

Total FY99
Denali Commission
Project Funding:
\$19,000,000

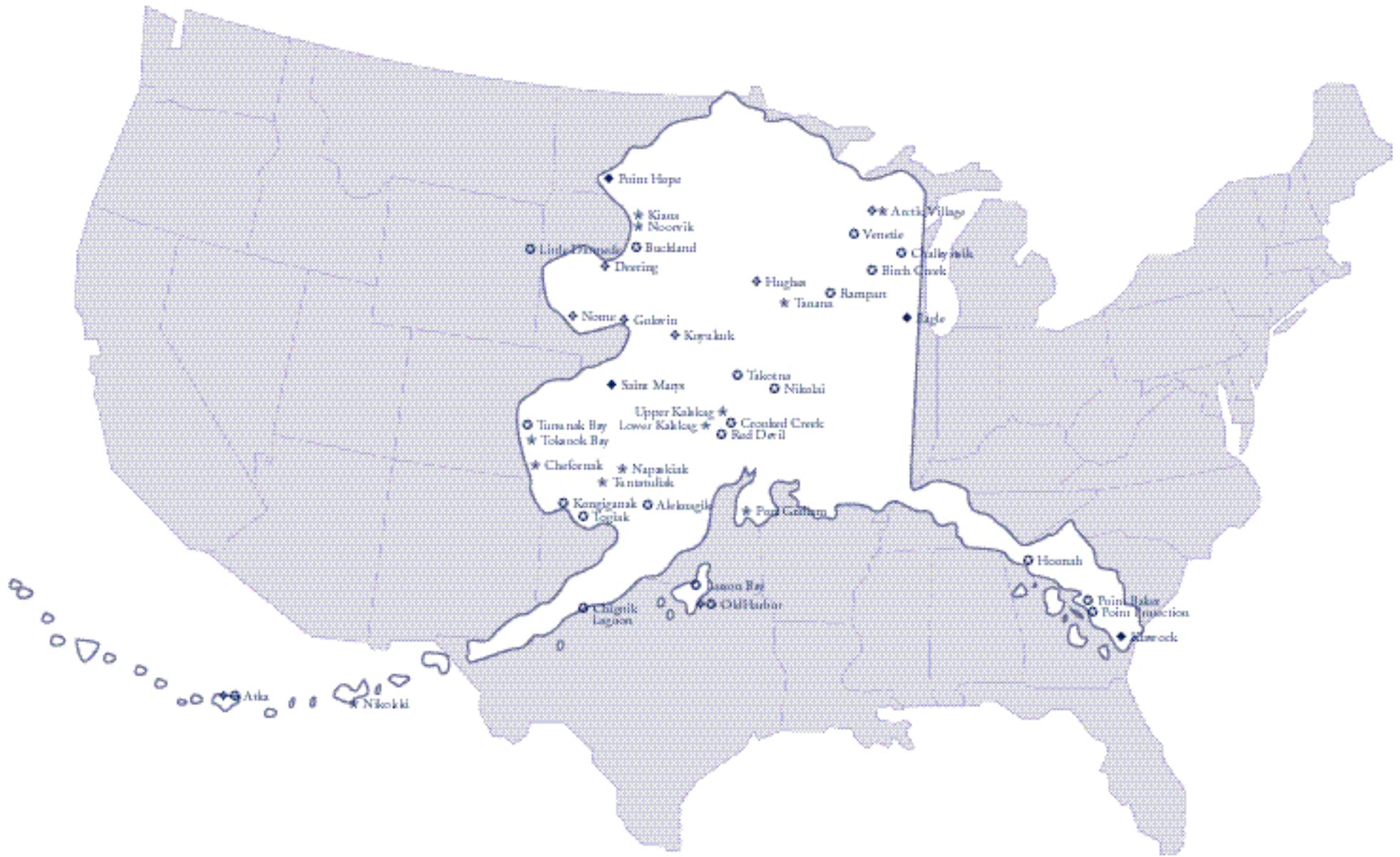
Total FY99
Partner Funding:
\$16,112,875

**Total FY99
Combined Funding:
\$35,112,875**

FY 99 FUNDED REGIONAL/STATEWIDE PROJECTS

Project Name	Commission Funding	Total Project Funding
Statewide Telecommunications Survey	\$50,000.00	\$50,000.00
Rural Health Clinic Study	\$275,000.00	\$300,000.00
Utility O&M Training	\$200,000.00	\$515,000.00
Reserved for First Alaskans Foundation	\$1,262,200.00	\$1,262,200.00
Community Planning Tools	\$100,000.00	\$110,000.00
Statewide Community Directory	\$40,000.00	\$49,000.00
RUBA Services Regional Pilot Project	\$184,800.00	\$224,800.00

FISCAL YEAR 1999 DENALI COMMISSION FUNDED PROJECTS



FISCAL YEAR 1999 DENALI COMMISSION FUNDED PROJECTS

“The Denali Commission concept is about effective and efficient teamwork, with key decision making starting at the community level.”

*Commissioner Jeff Staser
Federal Co-Chair, Denali Commission*

In fiscal year 1999 the Commission focused on rural energy projects across the state. The Denali Commission invested in:

- bulk fuel construction in sixteen communities,
- electrical upgrades in six communities,
- a hydroelectric project in one community
- water and sewer improvements in two communities, and
- bulk fuel planning and design in sixteen communities.

This map shows the communities with Denali Commission funded projects, while highlighting the enormous distance that Denali Commission projects encompass in comparison to the contiguous 48 states.

Map Legend	
⊛	Bulk Fuel Planning
★	Bulk Fuel Construction
❖	Electrical Utility Upgrades
◆	Other Infrastructure Projects

All Commission funded projects in FY99 were cost-shared by state and local partners, and were required to be self-sustainable for the foreseeable future and consistent with local values.

The state of Alaska:

- Contains 586,412 square miles
- Is 488 times larger than Rhode Island
- Is two and a half times larger than Texas
- Is larger than the next three largest states in the United States combined

PHOTO CAPTIONS AND CREDITS

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Page 17	Construction in rural Alaska	© Chris Arend Photography, courtesy of NANA Regional Corporation, Inc.
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THE DENALI COMMISSION

FEDERAL CO-CHAIR

JEFFREY STASER

STATE CO-CHAIR

LIEUTENANT GOVERNOR FRAN ULMER

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ALASKA AFL-CIO

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ALASKA MUNICIPAL LEAGUE

HENRY SPRINGER, EXECUTIVE DIRECTOR
ASSOCIATED GENERAL CONTRACTORS OF ALASKA



THE DENALI COMMISSION
510 L STREET, SUITE 410 · ANCHORAGE, ALASKA 99501
TEL 888.480.4321 907.271.1414 · FAX 907.271.1415
WWW.DENALI.GOV